

Rights *and* Development

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Monitoring the impact of the policies of the United States and international financial institutions on economic and social rights in Latin America and the Caribbean.

Agriculture and the Andean Free Trade Agreement

What's at stake in Colombia?

On May 18, 2004, trade representatives from the United States and the Andean region met in Cartagena, Colombia to begin negotiations for a new set of bilateral trade agreements known collectively as the Andean Free Trade Agreement.¹ In preparation for negotiations in agriculture, the Colombian Ministry of Agriculture released a report entitled “Colombian Agriculture before the FTA with the United States” in July 2004.² Among the analysis, findings and recommendations, the report issued a strong and striking warning to the negotiators:

“[If]... Colombia [does not take] adequate measures in defense and support of agricultural producers, rural problems could worsen and many of its inhabitants would have no more than three options: migration to the cities or to other countries (especially the United States), working in drug cultivation zones, or affiliating with illegal armed groups. Thus the agreement, if not adequately negotiated, could worsen these three problems that Colombia is trying to remedy and that would be in the interest of the United States to overcome.”³

It is not at all apparent from the statements made by U.S. trade negotiators, both before and since the commencement of negotiations, that they or the American public fully appreciate the potential risks to either country of entering into a free trade agreement. On the contrary, the U.S. Trade Representative

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A farm that would suffer the consequences of the Andean Free Trade Agreement.

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(USTR) has claimed publicly that the trade negotiations with Andean nations will “advance U.S. goals of helping the Andean countries to combat narco-trafficking, build democratic institutions, and promote socio-economic development.”⁴ The USTR made similar claims to Congress in support of two unilateral trade-preference programs, the Andean Trade Preferences Act (ATPA) in 1991 and the Andean Trade Promotion and Drug Eradication Act (ATPDEA) in 2002.⁵

The Colombian Ministry of Agriculture and the USTR present two very different potential outcomes for the Colombian agricultural sector. From the Colombian point of view, proposals that fail to take into account the serious structural crisis that affects the country’s rural sector will lead to more poverty, migration and drug trafficking. But based on what has already been tabled during the agriculture negotiations, it is clear that the U.S. proposals to Colombia consider only the purely economic benefits for U.S. producers and consumers.

For example, in August the U.S. and the Andean countries exchanged offers and requests on the reduction of tariffs on agricultural commodities. Neither the U.S. offers nor U.S. requests were well received by the Andean negotiators. Indeed, the *Sociedad de Agricultores de Colombia* (SAC), a pro-trade agricultural association representing Colombian producers, accused the U.S. negotiators of “coming out with a proposal that, more than conservative, seemed protectionist.”⁶ The SAC was particularly critical of the limited offer on access to the U.S. market, and argued that it must be modified substantially to reflect the asymmetries between the U.S. and the Andean region, if the negotiations are ultimately to bear fruit. At the same time, the U.S. requested immediate tariff reductions on sensitive Colombian products. An exchange of improved offers is expected before the fifth round of negotiations in Ecuador in October.

Colombia’s Rural Sector

In its report, the Ministry of Agriculture provides useful information for understanding the importance of agriculture in the national economy, and the crisis in the Colombian rural sector. While agriculture plays an important role in the economic life of the country, the maldistribution and poor usage of much of Colombia’s fertile land is one of the fundamen-

tal causes of the internal armed conflict that has plagued the country for the last 50 years.

Of a population of roughly 42 million people, 27 percent—more than 12 million—live in rural areas. According to the National Household Survey of September 2000, of the 16 million people employed, 3.7 million (23%) worked in the agricultural sector, making agriculture the second largest employer after the service sector (which employs 27%). Agriculture accounts for almost double the employment generated by the manufacturing sector (about 13%).⁷ In productive terms, agriculture generates 14 percent of the GDP, a percentage equal to the industrial sector. After ranching, coffee, fruit trees, plantains, rice, corn, flowers, potatoes, bananas, sugar cane, yucca and African palm are the most significant crops, both in relation to total contribution to agricultural production and to employment. Despite its economic importance as a source of national income, the rural sector is home to the greatest levels of poverty. In the rural areas, 83 percent of the population lives in poverty and 43 percent in conditions of extreme poverty.⁸

Colombia’s rural poverty is rooted in the unequal distribution of land. Land ownership is highly concentrated, with 0.4 percent of rural landowners controlling 61.2 percent of the arable land, while 57.3 percent of rural landowners control 1.7 percent. The latter category includes 4.5 million campesinos who live on less than 6,000 pesos a day (little more than \$2) and whose parcels are too small to produce an income sufficient for the basic survival of themselves or their families.⁹

The maldistribution of rural land is also a reflection of the fact that, despite several attempts to redistribute land through expropriation or market-based schemes, Colombia has never had an effective land reform process. Land conflicts arising from these conditions of inequality have led to the murder of thousands of *campesinos* and the displacement of many, many more, as landowners turned to violence to protect and consolidate their holdings.¹⁰ The failure to address the rural crisis is also a major cause of the birth of paramilitary organizations and the continuation of the internal armed conflict. Until the rural crisis is adequately addressed, the conflict will certainly continue in one form or another.

Colombia’s Trade Strategy

Colombia, like all countries, protects its agricultural sector. According to the Ministry of Agriculture’s

report, of the \$1.143 billion Colombia spent on average on transfers between 2000-2002, 77 percent were in the form of tariffs, non-tariff barriers and export subsidies, 17 percent were internal supports for specific products and 6 percent were general support programs.¹¹ During the same period, the United States spent \$71.269 billion. Of the Colombian major exports, only coffee and cotton fiber receive internal support, with all other products protected entirely by tariff barriers. Additionally, Colombia participates in a regional agricultural price support program, the *Sistema Andino de Franjas de Precios* (SAFP, Andean Price-Band System), which ensures that the prices of selected agricultural commodities remain within a determined price range through the use of fluctuating duties. The purpose is to protect domestic producers from highly volatile prices and distortions in market prices caused by highly subsidized foreign products.

If one were to compare the internal supports of each country (which are not currently subject to negotiation in the agreement), assuming a scenario in which Colombia and the U.S. eliminated their tariffs and Colombia dismantled the price band, the inequality between the two markets is quite large. A review of major agricultural products in each country amply demonstrates the asymmetry. For example, producers in Colombia would receive 13 cents per ton of corn while U.S. producers would receive 28 dollars due to internal supports. Regarding rice and soy, the Colombian farmer would receive 9 and 4 cents per ton respectively, while the U.S. farmer would receive 99 and 50 dollars per ton.¹² If the price band were to remain in place, the trade inequality would be reduced substantially, except for cotton and meat, which are not covered by the price band system.¹³

Given the vast differences in the markets and productive capacities of the United States and Colombia, the Ministry of Agriculture has identified, among others, several negotiating objectives:

- ▶ The maintenance of the unilateral preferences under the ATPDEA.
- ▶ The maintenance of a stabilization mechanism for the cost of imports for sensitive goods and the establishment of a special agricultural price safeguard.
- ▶ The elimination of export subsidies, including credits and insurance programs.
- ▶ The introduction of disciplines for internal

supports and other practices of equivalent effect that distort the production or the trade of U.S. products.

- ▶ The establishment, with resources from the U.S. and multilateral credit bodies, a restructuring/modernization fund with preferential interest rates, grace periods and terms that permit the undertaking of investments needed so that Colombia can (1) meet the quality and sanitary standards of the U.S., (2) to develop agricultural research and (3) to restructure crops that have no chance of competing.¹⁴

The U.S. Position

In Lima, the U.S. presented its offers and requests to the Andean countries with regard to agriculture. The U.S. took an aggressive position, demanding immediate duty-free access to the Colombian market for many sensitive crops, including basic grains, and the dismantling of the SAFP, while keeping the issue of U.S. internal agricultural supports off the table. At the same time, the U.S. has proposed that its tariffs on several products of interest to the Andean region be identified as sensitive or placed in Basket D, for tariff reduction over a period of more than 10 years. These products include sugar, meat and milk, and their derivative products.

Of particular concern to Colombian producers is the request by the U.S. to throw open the market in basic grains. The U.S. proposed that all of Colombia's grains except white corn be placed in Basket A, meaning immediate tariff elimination. As explained below, the fear among local grain producers is that they would be undercut by U.S. grain producers who benefit from greater financial support, technical capacity and better technology. Colombia had suggested tariff reduction for corn and sorghum over a period of more than 10 years, and tariff reductions for wheat and barley in 10 years.

Additionally, some products like asparagus, one of Peru's most important agricultural exports, could face higher tariffs under the current U.S. proposal. Under the ATPDEA, Peruvian asparagus enters the U.S. duty free. Indeed, Vice Minister of Foreign Trade, Pablo de la Flor, has accused the U.S. of holding asparagus "hostage" in the negotiations by excluding it from the negotiations until Peru gives in on certain U.S. priorities.¹⁵ Similarly, the U.S. offered Colombia a 10-year elimination on tariffs on certain cut flowers, even though those same flowers enter the U.S. duty-free under the

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ATPDEA.¹⁶ The Colombian cut flower industry has been promoted by the United States as a key part of the development strategy and drug crop substitution under the ATPDEA. Increasing tariffs will no doubt harm the very industry the U.S. once encouraged as a vehicle to lower rural unemployment in Colombia.

According to the Colombian Ministry of Agriculture, if the U.S. positions were to prevail, the country would experience a 57 percent reduction in revenue and a 35 percent reduction in agricultural employment. In weighing the potential costs and benefits of the agreement, the Ministry of Agriculture explained:

The evaluation of the benefits and costs of the FTA in the Colombian agricultural sector indicates that the potential total losses will be reduced substantially if the country maintains the application of stabilization rights such as the SAFP. Moreover, in as much as the necessary expansion in the exportation of nontraditional crops and other potential products is not achieved, the rural sector will be the victim of the FTA if a stabilization system like the SAFP is not preserved.¹⁷

sion in Basket D foretells its disappearance . . . For *Salvación Agropecuaria*, all subsidized agricultural products should be excluded.”¹⁸ Caballero also expressed concern for the fate of cotton producers, who also face rapid tariff reductions in the framework of textile negotiations. Among other issues demanded by the protesters were clarity on competition policy, given the fact that beyond subsidies to U.S. farmers, the U.S. supports water consumption and offers loans with low annual interest rates.

Luis Eduardo Quintero, president of FENALCE, a federation that represents grain and legume producers, also expressed grave concerns. “We see the grain sector threatened by the aggressiveness of the U.S. in the negotiations towards better conditions for the products in which they are major sellers. In this sense, the grain sector in the face of the FTA is at high risk, because in Colombia, the grain sector has been systematically unprotected.”¹⁹ FENACLE’s proposal, submitted to the Colombia government, would place all grains and legumes in Basket D, which would mean that tariff reduction would take place over a period of more than 10 years, as well as maintaining the SAFP.

The SAC has also accused the Colombian government of lacking a short, medium or long-term vision with regard to agriculture. Rafael Mejía,

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Producers and Civil Society Respond

Agricultural producers and civil society have responded critically, with many producers expressing their deep concern over the impact of a possible FTA. On August 20, around two thousand rice growers from Huila, Casabare, Meta and Tolima met in Espinal to protest the government’s agricultural policies that they say have depressed the price of rice. According to Angel María Caballero, president of *Salvación Agropecuaria*, an organization representing small farmers, the protest was also provoked by the decision of the government to include rice in the negotiations for a free trade agreement when it is clearly not competitive with the U.S. “Its inclu-


president of SAC, criticized the fact that the U.S. was removing tariff quotas but putting in their place new, non-tariff barriers in order to increase its share of trade. Mejía also indicated that zoosanitary and phytosanitary barriers were a big problem with regard to trade with the U.S. On the other hand, Mejía believes that Colombia has made excessive offers with regard to certain products, particularly cotton, corn and rice. Mejía has accused the Colombia government of failing to develop a viable, internal agenda including the development of infrastructure, technology and human resources.²⁰

Civil society organizations, such as RECALCA, have leveled similar critiques, anticipating that such an agreement would benefit only a few large producers while impoverishing small and family

farms and creating a national crisis in food security. They point to the liberalization of the Colombian market in the 90s, which saw an increase in food imports from 700,000 to 7 million tons. The consequence of this policy, they estimate, was the loss of 900,000 hectares in cultivation and 150,000 jobs.²¹ Similarly, trade unions have expressed concern with regard to agriculture and the potential loss of employment.

Conclusions

The failure to develop the rural areas of the Andean regions, and incorporate those areas into national economies, is linked to every issue of concern today, from armed conflict to political stability to drug production. Certainly, the Colombian government bears much of the responsibility for the elaboration of a rural development strategy that would incorporate small and medium size producers and family farmers into the national and international economy. However, the USTR should not to pursue a trade policy agenda that will further exacerbate the region's agricultural crisis, particularly in a country as volatile as Colombia. Rather, USTR should promote trade in such a way that supports, not weakens, basic human rights. In the context of agriculture, such rights are given full articulation in a trade agreement when:

- 1 The country ensures food security for their population. This means that countries should have the right, when necessary, to protect or exclude foods critical to meeting the basic dietary needs of the population.
- 2 The country ensures that the labor rights of agricultural workers are fully protected, consistent with core ILO conventions. These rights include the right to free association, collective bargaining, non-discrimination in employment, the prohibition of forced labor and the prohibition of child labor, particular its worst forms most prevalent in the agricultural sector.
- 3 The country does not accept obligations that prevent it from adopting national law or policy that promotes small and medium scale agriculture, or otherwise erect barriers to sustainable rural development. 

Footnotes

- ¹ Since May, the U.S. has negotiated with Colombia, Peru and Ecuador. Although Bolivia expected to join the negotiations, it remains an observer. According to the Bolivian Embassy, the U.S. has cited the lack of an internal consensus on the trade agreement, as well as the failure to pass a new law regulating investment in the extraction of natural gas, as barriers to entry in the negotiations.
- ² Ministry of Agriculture and Rural Development, *Colombian Agriculture Before the Free Trade Agreement with the United States*, July 2004.
- ³ *Ibid.*, 180.
- ⁴ See Letter to Honorable J. Dennis Hastert, from Robert Zoellick, Nov. 18, 2003 (available at www.ustr.gov).
- ⁵ The ATPA, amended and expanded by the ATPDEA in 2002, permitted preferential, duty-free entry of certain enumerated goods from Colombia, Bolivia, Peru and Ecuador, into the U.S. market. According to reports by the USTR and the U.S. International Trade Commission (USITC), the extent to which the acts helped to combat narcotrafficking or promote economic development in drug cultivating regions, especially in Colombia, was small and indirect at best. See e.g., USTR, *First Report to the Congress on the Operation of the Andean Trade Preference Act As Amended*, April 2003; U.S. International Trade Commission, *Andean Trade Preference Act, Impact on U.S. Industries and Consumers and on Drug Crop Eradication and Substitution*, September 2002. Unless renewed, the trade preferences will expire in 2006.
- ⁶ Paola Ramírez Leño, "EE.UU. Más Que Conservador Fue Protecciónista: SAC," *La República*, 3 August 2004.
- ⁷ *Colombian Agriculture*, op.cit., 31.
- ⁸ *Ibid.*, 32-33.
- ⁹ Darío Fajardo Montana, *Conflictos de Tierras en Colombia y Zonas de Reserva Campesina: Zona de Reserva Campesina de Pato-Balsillas* (draft manuscript, 2003).
- ¹⁰ See Héctor Mondragón, "Colombia: Either Land Markets or Agrarian Reform," in *The Negative Impacts of World Bank Market-Based Land Reform* (2003), 108-114.
- ¹¹ *Colombian Agriculture*, op.cit., 52.
- ¹² *Ibid.*, 61.
- ¹³ *Ibid.*, 64.
- ¹⁴ *Ibid.*, 183-87.
- ¹⁵ "Espárrago peruano se ha convertido en un rehén de EEUU en dialogo por TLC," *El Comercio (Perú)*, 13 September 2004.
- ¹⁶ Jorge Correa, "EE.UU. Notifica Que en Próxima Ronda de Puerto Rico no se Discutirá la Eliminación de Aranceles," *El Tiempo*, 5 September 2004.
- ¹⁷ *Colombian Agriculture*, supra, at 173.
- ¹⁸ Colprentea, "Protesta en Tolima por Quiebra Arrocería y TLC," *La República*, 19 August 2004.
- ¹⁹ Paola Ramírez Leño, "Es Necesario Liberar el Sector de los Cereales," *La República*, 19 August 2004.
- ²⁰ Paola Ramírez Leño, "Al Agro Colombiano le Falta Mas Visión, Advierte la SAC," *La República*, 2 September 2004.
- ²¹ RECALCA, *Catorce Razones Para Oponerse al TLC*, (available at www.recalca.org.co).

The Elephant in the Room

Ongoing violence against Colombian trade unionists

Colombian workers face several legal and practical obstacles to the exercise of their rights to freely associate, join a trade union and bargain collectively. Severe limitations on the right to strike in the public and private sectors, and laws that permit employers to circumvent unions and bargain directly with employees or non-union associations, are characteristic of the legal hardships that exist in Colombia. But it is the alarming level of violence against trade unionists that sets Colombia apart. In the last decade, over 2,000 trade unionists have been murdered in Colombia, making it by far the most dangerous place in the world to be a trade unionist.¹ Many thousands more have been tortured, threatened with death, displaced or forced into exile. In the majority of those cases in which the perpetrator of the crime has been identified, it is a member of a paramilitary organization affiliated with the *Autodefensas Unidas de Colombia* (AUC).

To date, the government of Colombia has failed to take necessary measures to prevent crimes against trade unionists, and has failed to investigate and prosecute more than a handful of the cases. It is within this context of near total impunity, and the tacit, and sometimes overt, support of the state, that forty-seven Colombian trade unionists were murdered between January 1 and August 31, 2004 and another 276 were threatened with death.² By

forces throughout the country. But many observers attribute the decline to a change in tactics by the AUC, including a tenuous cease-fire begun in 2003 to facilitate the demobilization and reinsertion of their fighters. As currently structured, the AUC “negotiation” with the Uribe government is not likely to result in the investigation and prosecution of those responsible for killing trade unionists. One result is that the murder of labor activists can be expected to continue unabated.

Nor are trade unionists merely the collateral victims of the country’s civil conflict. Most of the human rights violations committed against labor activists are linked to industrial disputes, as many as 90 percent in 2003. This year, members of the *Unión Sindical Obrera de la Industria del Petroleo* (USO) and the *Sindicato Nacional de Trabajadores de la Industria de Alimentos* (Sinaltrainal) have been threatened, beaten and/or detained by the police and paramilitary members during strikes. Over the course of a 33-day strike, USO reported that members were arbitrarily detained and beaten by the national police and other public security forces, and were also followed and/or threatened by paramilitaries. During a hunger strike called by Sinaltrainal in March 2004 to protest the closure of several Coca Cola bottling plants, which had resulted in the dismissal of hundreds of its

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the end of 2003, ninety trade unionists had been murdered, 295 were victims of death threats, 42 were detained, six were disappeared and six more had been kidnapped.³

Although the number of murders has decreased from peak levels of 284 in 1996 and 196 in 2001, non-lethal human rights violations have increased, including death threats and forced displacement by the paramilitaries, and illegal detentions by the security forces. The government of President Álvaro Uribe claims that the decrease in killings is due to its “democratic security” policy, which entails increasing the presence of military and police

members, strikers were threatened repeatedly by paramilitaries and told to end their action. Relatives of the president of Sinaltrainal-Bucaramanga were massacred when armed assailants fired into their home in April 2004. The evidence suggests that trade unionists are targets of intentional violence carried out by illegal armed groups that, while parties to the larger civil conflict, also work on behalf of industry during labor disputes.

In spite of the systematic and widespread abuse of labor rights in the country, the U.S. initiated negotiations for a free trade agreement with Colombia in May 2004. Finalizing such an

agreement, however, will be a significant challenge. Besides resolving difficult issues such as tariff reductions, market access, intellectual property rights and other trade-related issues, the U.S. is required by the Trade Act of 2002 to negotiate language that ensures that a party “does not fail to effectively enforce its own labor laws.” The U.S. Trade Representative has acknowledged that violence against trade unionists is a serious issue, but it has yet to say what benchmarks it will use to determine whether Colombia has adequately addressed the problem before an agreement is concluded.

Given the gravity of the situation in Colombia, it should be clear that language based on prior trade agreements, such as CAFTA, will be insufficient. Yet such language appears to be precisely what the U.S. team presented to Andean negotiators in Puerto Rico in September.⁴ The CUT has already criticized the CAFTA model text because it only obligates the parties to enforce their existing laws, and because the dispute resolution mechanism does not permit unions or workers to present cases concerning the violation of their labor rights.⁵ For a country whose labor rights record is a regular topic of debate at the annual meetings of the International Labor Organization, far more effective measures will be required if a trade agreement is to have any hope of approval by a trade-shy U.S. Congress. 🇺🇸

Endnotes

- ¹ The Escuela Nacional Sindical (ENS) estimates that 2,028 unionists were killed from 1992 to 2003. The CUT (Central Unitaria de Trabajadores) puts the figure at 3,000 murdered in the last decade and over 4,000 murdered since the formation of the confederation in 1986.
- ² Data provided telephonically by Escuela Nacional Sindical.
- ³ Escuela Nacional Sindical, “Report on the Violation of the Human Rights of Colombian Union Workers, January 1 - December 31, 2003,” available online at www.ens.org.co/infdhenglish/fin-alreport2003.htm.
- ⁴ Ricardo Santamaría Daza, “Capítulo laboral en el tratado abordó las reglas para negociar”, *La República*, Sept. 24, 2004.
- ⁵ Carlos Rodríguez, “Por Qué Le Decimos No al TLC”, Aug. 26, 2004 (available at www.cut.org.co).



A billboard paid for by the Revéz Pizarro Mechanized Group of the 18th Brigade of the Colombian army where 3 trade unionists were recently killed by soldiers of this brigade.

FRIENDS OF SARAVENA

WE:

Do not assault populations

Do not kidnap people

Do not torture

Do not use extortion

We only defend Colombia

We work as a team!

Death in Arauca

The most notorious recent atrocity against trade unionists occurred on August 5, 2004, when soldiers from the Revéz Pizarro Mechanized Group of the 18th Brigade of the Colombian army killed three trade labor leaders in the province of Arauca. Two others were detained, including the regional president of the CUT, the *Central Unitaria de Trabajadores*. The three who were killed—Jorge Prieto of the medical workers’ union ANTHOC, Héctor Alirio Martínez of the rural workers’ union ADUC, and Leonel Goyeneche of the Arauca section of the CUT—were well-known labor activists. Two of them, Mr. Prieto and Mr. Martínez, had been granted protective measures by the Inter-American Commission on Human Rights to ensure their safety. Vice President Francisco Santos and General Luis Fabio Garcia, the commander of the II Division of the Colombian Army, initially claimed that the trade unionists were ELN guerrillas and had engaged the army with small arms. However, witnesses told a very different story, claiming the three men were executed by the soldiers while kneeling on the ground in nothing but their underwear. Following an investigation into the killings, and facing considerable international pressure, the Colombian attorney general (*Fiscalía*) acknowledged that the trade unionists did not die in combat, but were shot at close range, and issued arrest warrants in early September for the soldiers involved in the extrajudicial execution.

UPDATE: CAFTA, Labor and the Rural Sector

On May 28, 2004, the United States and the countries of Central America—Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica—signed the U.S.-Central America Free Trade Agreement, known as CAFTA. On August 5, the Dominican Republic joined the agreement. In order to enter into effect for the United States, CAFTA must be approved by the U.S. Congress. When, or whether, CAFTA will be sent to the Congress for ratification remains unclear—certainly not before the November elections. Some Central American governments are also awaiting the outcome of the U.S. elections to decide whether to submit CAFTA to their legislatures for consideration.

One key reason CAFTA has not been submitted to the Congress is that many members believe the labor clause is too weak and have promised to oppose the agreement on that basis. His concern about labor rights led Rep. Sander Levin (D-MI) to describe the agreement as being on “a midnight train to nowhere.”¹ Democratic Party presidential

nominee John Kerry has promised to renegotiate the labor chapter of CAFTA if elected.

Central American legislators are also concerned about the labor provisions. On May 18, 2004, nearly one-third of the members of the Costa Rican legislative assembly sent a letter to the U.S. Congress stating that the labor clause as negotiated is insufficient to protect workers’ rights. The trade agreement was one cause of a massive protest that brought Costa Rica to a standstill during the last week of August, leading to the eventual resignation of several members of the Pacheco cabinet, including the Minister of Foreign Trade and his chief trade negotiator.

CAFTA’s likely impact on the rural sector is another cause for concern. Under the agreement as negotiated, the Central American countries will eliminate over time tariff rate quotas² on basic grains, such as rice, beans and corn, products on which the lives of millions of people now depend.

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Colombian Bishops on the Free Trade Agreement with the United States

On September 13, 2004, the Episcopal Conference of Colombia offered their perspective on the current negotiations for a free trade agreement with the U.S. Excerpts from that statement are set forth below. The full text is available at www.wola.org.

...The point of reference of a free trade agreement should be the human being and not merely economic convenience. It is necessary that the process of economic integration benefit the poorest communities and people, among them the peasants, small farmers and small businesses, as well as the marginalized people and regions of the country ...

Food Security, Agricultural Sector and Environment

Because of the extreme poverty in which millions of our fellow citizens live, it is vitally important to take into consideration food security and the preservation of the culture and customs of individuals and peoples.

Colombia is an agricultural country with a long history of food production. Our peasant farmers are important to national life, and their situation must be taken into account in international agreements.

One concern is that there is no consideration of a reduction of the barriers affecting our products in the

U.S. market, such as subsidies and phytosanitation regulations, which have contributed to a national agricultural crisis.

“Economic policies tied to free trade agreements, if not studied and applied in a framework that is broader than the merely economic, could have harmful effects on the agricultural production that ensures food security” (The Land: a Gift from God, 7) ...

On Labor

Our hope is that Colombians’ working conditions enable them to live with dignity, and that any international treaty addresses the problems of unemployment and underemployment that are causing anxiety for so many families. The challenge is to increase social programs that address the needs of those who are poorest, especially the creation of good-quality employment.

The production of greater wealth, which is a result of Free Trade Agreements, must go hand in hand with the better distribution of wealth. It could lead to greater inequalities in society. More than 11 million Colombians live in extreme poverty and demand opportunities, training and decent working conditions. For that reason, attention to working conditions and an increase in possibilities for decent work are central, basic criteria ...

Bolivia, Out in the Cold?

As the trade negotiators from Colombia, Ecuador, Peru and the United States prepare for the fifth round of negotiations in Ecuador in October, Bolivia still remains an observer to the negotiating process. This is a growing concern for the government of Bolivia, which wants to take advantage of the opportunity to negotiate a bilateral agreement with the U.S. rather than wait for the negotiations for the Free Trade Area of the Americas (FTAA) to begin again. There is little consensus within the country, however, that a free trade agreement would result in the necessary gains needed to alleviate the poverty in which roughly 70 percent of the population lives. Indeed, in a survey undertaken by the U.S. Embassy in Bolivia on the question of the free trade agreement, the majority responded that the agreement would benefit multinational or large Bolivian corporations, while only 9% responded that the agreement would benefit campesinos.

The United States has made clear that Bolivia will not participate as a partner in the negotiations until it meets certain conditions. One of these is that trade relations in Bolivia be regulated by a stable institutional and legal framework. Of particular concern to the U.S. is the introduction of a new Hydrocarbons Law, which reflects the results of the July 18 popular referendum on natural gas. As a result of the controversial five-question referendum, the Bolivian government was given the green light to allow private energy companies to export natural gas. But voters also demanded that the government exert greater control over foreign companies, and levy taxes or royalties up to a rate of 50 percent to

generate revenue to invest in infrastructure, health, education and employment programs.

The vote reflected the fact that many Bolivians do not have easy access to reliable sources of energy for lack of infrastructure. Thus, developing the infrastructure to bring heat and electricity to the population is particularly important. Bolivian anxiety over ceding control on exports to private corporations, particularly among the indigenous population, comes from the fear that the natural gas will be exploited to the benefit of elites with little or no benefit to the communities in the highlands. But while the decision to exercise greater control over gas exports allayed some domestic concerns, it increased the concerns of the United States.

To assuage those concerns, President Carlos Mesa recently met with Colin Powell to assure him that the new law would not put at risk the legal security of oil companies. But continued U.S. pressure on the Mesa government to improve conditions for foreign investors may prove counter-productive. President Mesa must provide infrastructure and basic services to the Bolivian people in order to maintain stability. If the president is unable to keep the promises made in the context of the referendum, he could confront an uprising like that which brought down the government of his predecessor, President Gonzalo Sánchez de Lozada. If the U.S. is truly concerned with regional stability and development, those interests will be best served by allowing Bolivia to tend to the needs of its population, while negotiating acceptable terms for the export of the abundant natural gas that will remain after domestic needs are satisfied. 🌿



A small Bolivian mountain village

On April 22, 2004, 19 members of the U.S House of Representatives wrote a letter to the Legislative Assembly of Costa Rica concerning the introduction of a bill that could have weakened the wage and hour provisions of Costa Rican employment law. The congressional letter was provoked by the revelation that the bill had been introduced in the Legislative Assembly under the argument that Costa Rica would be in a better position to attract investment once the U.S.–Central America Free Trade Agreement (CAFTA) passed, relative to the other Central American countries, by competing on the basis of lower wages, rather than quality or productivity. In response to the letter, 17 of 54 Costa Rican legislators from various political parties responded in agreement, expressing their concerns with CAFTA in a letter to the U.S. Congress on May 19, 2004. Below are excerpts from that letter.

Dear Colleagues,

We write to you respectfully, taking advantage of the excellent relationship between our countries, to express the profound concerns that we have with the Central America Free Trade Agreement (CAFTA). We understand that there is opposition to this agreement in your Congress. In Costa Rica, there is also opposition among members of the Legislative Assembly as well as among labor organizations, farmers, environmentalists, women and other representatives of civil society. We are concerned about many issues. We would like to raise a few of them ...

Agriculture: We have watched the experience of Mexican farm workers under the North American Free Trade Agreement (NAFTA) with concern. Approximately 1.7 million of them lost their jobs due to unjust competition with the subsidized and high tech agriculture from the U.S. CAFTA reproduces this dynamic and, if it were approved, would be disastrous to farmers throughout the region, especially for those who produce basic grains, tubers, and vegetables, the essential elements of the Central American diet. . . .

Labor Rights: We understand that many U.S. Congress members have expressed serious concerns about the CAFTA labor clause. We agree with you on its negative impacts and its failure to contribute to the improvement of labor conditions in the region, but our concern goes beyond the agreement. Our concern is in regard to the legislation on labor flexibility that would modify our labor code concerning the 8-hour workday, thereby lowering the country's labor protections. These changes, introduced as part of a complementary agenda to the agreement, would create legal conditions so that the employment generated by CAFTA for Costa Rican and Central American workers would be of poorer quality. We received, with great satisfaction, the letter from some of you expressing your opposition to this legislation which supports our struggle against this proposal, and promotes respect for human and labor rights. . . .

Unfortunately, CAFTA will not promote equitable and sustainable development. We have declared our rejection of the agreement in its current form and our wish to renegotiate this agreement with the United States. Costa Rica has a long history of amicable relations with the United States. We believe that it is possible to build a trade and development agreement that is mutually beneficial to our people. We would be pleased to discuss this possibility, including the legislatures and societies of our countries as well as the other countries of Central America.

CAFTA

continued from the previous page

With ever-greater access to the Central American market, U.S. farmers, who produce and export grains at low prices in part due to government supports, will undercut their Central American counterparts.³ Importing cheaper grains into the Central American market could lead to a significant loss of agricultural jobs, feeding greater poverty and rural emigration. Meanwhile, the increase in U.S. grain exports to Central America is projected to be substantial enough to generate U.S. employment in that sector, according to an August U.S. Trade Commission report.⁴

Other food products will also be affected. Central American exports of meat are anticipated to end, and exports of vegetables, fruits and nuts to decline, once the agreement is fully implemented. U.S. exports to the region of these products, as well as processed foods, are expected to increase. Overall, the report projects increased U.S. exports to Central America, while exports from the region to the U.S. are expected to fall across the board, with the exception of textiles and sugar manufacturing.

CAFTA proponents in the U.S. Congress may seek to push the agreement through in a lame duck session after the November 2 elections, especially if President Bush is re-elected. But opposition from both Democrats and Republicans in districts with industries threatened by competition from Central America, especially textiles and sugar, would still have to be overcome. A Kerry victory in November would likely result in the postponement of the vote until the agreement is renegotiated to toughen labor and environmental standards. In that case, the impact of the agreement on the rural sector and food security should also be revisited. It will be revealing to see whether certain Central American governments decide to walk away from the agreement, rather than renegotiate it. 🌿

Endnotes

- 1 See Paul Blustein, *Trade Vote Won't Be Held Before Election*, *Washington Post*, May 28, 2004, available online at <http://www.washingtonpost.com/wp-dyn/articles/A62069-2004May27.html>.
- 2 Tariff-rate quotas are measures that permit a specified quantity of imported product to enter at a reduced rate during the quota period. There is no limitation on the amount of the product that may be imported, but quantities in excess of the quota quantity for that period are charged a higher rate.
- 3 CAFTA does not deal with the subject of agricultural support programs, but prohibits export subsidies used to enter the market of another party.
- 4 U.S. International Trade Commission, *U.S.-Central America-Dominican Republic Free Trade Agreement: Potential Economy-Wide and Selected Sectoral Effects*, August 2004 at pp. 59-72.

WOLA and the Rights and Development Program

The Washington Office on Latin America (WOLA) is a non-profit policy, research and advocacy organization working to advance democracy, human rights and social justice in Latin America and the Caribbean, and to foster an United States foreign policy that contributes to the achievement of those goals. Founded in 1974, WOLA plays a leading role in Washington policy debates about Latin America. WOLA monitors the impact of policies and programs of governments and international organizations, facilitates dialogue between governmental and non-governmental actors, and promotes policy alternatives through reporting, public education, training and advocacy.

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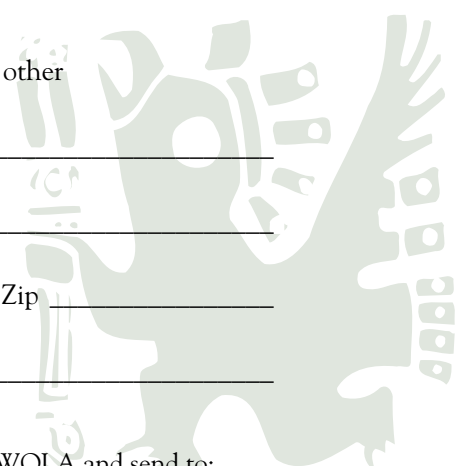
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